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Goldwater Says Casey Should Quit

Hugel Appointment Called 'Dangerous'

Sen. Barry Goldwater, chairman of the Senate Intelligence Committee, said last night he personally believes that William J. Casey should resign as CIA director because Casey appointed an unqualified man to head the agency's clandestine services.

Goldwater, R-Ariz., sharply attacked Casey's appointment of Max Hugel, a New Hampshire businessman who worked for him in the Reagan presidential campaign, to be CIA deputy director for operations.

"I believe that the placing of Mr. Hugel... was a sufficient mistake for Mr. Casey to consider withdrawing himself or having the president do so," Goldwater told a news conference.

Hugel resigned last week after two former business associates accused him of improper business dealings.

"That he appointed an inexperienced man to be in effect the nation's top spy was bad enough," Goldwater said. "I must say that as a person with a long involvement with intelligence matters, that was a very bad mistake and I might even say dangerous."

"The damage done by Mr. Hugel's appointment is... sufficient... for Mr. Casey to decide to retire or the president to have him retire," the senator said.

But Goldwater denied a CBS News report that he had urged Casey to step down.

"At no time have I suggested to Mr. Casey that he leave," he said. "I'm going to be polite and say that's entirely wrong."

Goldwater also said he has not talked with President Reagan about Casey's status.

"Mr. Casey is a creature of the president," Goldwater said. "As long as the president retains confidence in him, he stays."

On Wednesday night, Reagan denied that Casey was about to quit.

The Intelligence Committee launched an investigation last Friday of Casey's past business dealings after Hugel's abrupt resignation and disclosures that federal courts had criticized Casey business practices.

Casey has denied any wrongdoing. Goldwater said committee investigators continued their examination of FBI files on Casey yesterday and tried to get files from the Securities and Exchange Commission, which Casey headed during the Nixon administration.

Asked if any files were missing, Goldwater replied, "We have some suspicion," but he declined to elaborate.

The focus of their interest, Goldwater said, was Casey's relationship with Multiponics Inc., a New Orleans farming firm that filed for reorganization under the bankruptcy laws in 1971, three years after Casey helped found it.

In May, a federal judge in New York ruled that Casey and other directors had knowingly misled potential investors in the firm. Last year, a federal appeals court in New Orleans held that Casey and the other directors had driven the company "deep and deeper into debt" by managing it in a "pattern of self-interest."

When the committee was considering Casey's nomination to head the CIA, it asked him to list all suits in which he had been a defendant in the last five years. He listed the New York case but not the New Orleans one in his sworn response.

Peter Butler, a New Orleans attorney for the trustee appointed by the court to reorganize Multiponics, has said Casey was a defendant in Butler's civil damage suit as late as 1977, but Casey's attorney, Milton Gould, has disputed that.

Goldwater said, "The investigation is encompassing statements made by Casey and did he fail to tell us some things. The statements he made to us at his first appointment were not complete in every detail, specifically the entirety of the business in Louisiana."

Goldwater added that Casey said he lost \$150,000 on the Multiponics venture, but that the committee had been told he made \$750,000.

Goldwater said his investigators would pursue the matter as far as they could and, if necessary, he would ask the attorney general and the FBI to pursue it into areas the committee could not reach.

Casey visited Capitol Hill late yesterday, trying to rally support among Intelligence Committee members.

One senator, Walter D. Huddleston, D-Ky., said he talked with Casey for about 15 minutes but that the committee investigation was only discussed briefly.

Investigators from the Intelligence Committee also visited the CIA to examine materials on Casey's background and on his appointment of Hugel.

Congressional Republicans expressed growing concern about the Casey investigation and its possible damage to the CIA and the Reagan administration.

Associated Press